

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

Date: July 6, 2012

LEGEND

UIL 4945.04-04

X= Name of Grant Program

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated August 26, 2011.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will offer grant making programs under section 4945(g)(3) called X.

You will award research and development grants to qualified applicants, on a rolling application basis, the purpose of which is to further the grantees' innovative scientific and technical projects that advance important scientific and technical advancement but which are at such a basic or theoretical stage that they do not attract industry funding.

Your grants will be of two types:

Under the first type, you will make grants to qualified individuals, start-up and early stage companies in support of scientific research projects developed outside traditional universities and major corporations. You will accept applications from individuals and companies for project-specific funding. Grantees will be required to publish the results of the research in a form available to the interested public either currently, or within a reasonably short time after completion of the project. If patent rights are involved, publication may be delayed pending a reasonable opportunity to establish patent rights. You anticipate that the grantees will retain the intellectual property rights arising out of the project, and you may or may not seek a license to use the results of the work.

Under the second type, you will make grants to qualified individuals, start-up and early stage companies in support of scientific research projects developed outside traditional universities and major corporations, except the grantee will not be required to publish the results. The arrangement may be preferred in circumstances where you determine that the outcome of the research may benefit the public more effectively if owned by you, rather than made publicly available in published form. In these circumstances, the grantee will be required to assign any resulting intellectual property to you. The grantees will be paid a reasonable royalty for their work. You will in these circumstances exercise expenditure responsibility and will own and license the assets exclusively in the public interest.

Qualified applicants are scientists, engineers, inventors, start-up and early-stage companies who are interested in pursuing important scientific research and development of advanced technologies with the potential to have a significant impact on humanity in support of your charitable purposes.

The application process includes an online application form. The applicant will be required to submit a proposal, including an outline of the proposed project, the applicant's background and/or training, the possible results of the research, the required resources and a budget for the proposed project.

The application will be reviewed by at least three independent members of a Scientific Review Board, comprised of a volunteer group of qualified scientists, engineers, and other experts, capable of reviewing and assessing the merits of the proposals and the qualifications of the applicants. After completing their assessment, the reviewers will make recommendations regarding funding of the proposals to your Advisory Board, comprised of members of your Board of Directors and others selected by the Board of Directors with the required expertise. The Advisory Board will consider the evaluations and make the final determination regarding funding the grants. The successful applicant will then enter into a written agreement with you, which will ensure that your charitable and scientific purposes are furthered by the grantee.

The selection committee will consist of an Advisory Board, comprised of the Board of Directors and members of the scientific and technology community selected by your Board. No members of the Board of Directors, the Advisory Board or the Scientific Review Board, nor any other individuals, will derive a private benefit, either directly or indirectly, from the selection of any grantees over others. The members of the Advisory Board will select recipients on an objective and nondiscriminatory basis. Your employees, members of the Board of Directors, members of the Advisory Board or the Scientific Review Board, or persons related to them by blood or marriage will not be eligible for the grants. In addition, any entity which either (a) has as an investor, lender or owner or (b) is employing or retaining any of your employees or member of the Board of Directors, the Advisory Board or the Scientific Review Board, or persons related to them by blood or marriage in any capacity will not be eligible for the grants.

The Board will conduct a pre-grant inquiry based on an applicant's written proposal or application. Grant recipients will be required to sign a grant agreement agreeing to use the funds only for the purposes of the grant, to return any funds not so expended, and to submit reports at the conclusion of the grant period. Expenditure reports will be required at least semi-annually detailing the grantee's name and address, the date and amount of the grant, purpose of the grant, an accounting detailing the amounts spent and the

purpose of each expenditure, and a statement of whether any portion of the grant has been diverted from the purposes for which the grant was made. The grant agreement will require that grant proceeds not be used for prohibited purposes, i.e. activities prohibited under Section 4945(d)(1) and (2), payments to any individual or organization unless specifically described in the grant agreement, expenditures for any purpose other than one specified in Internal Revenue Code Section 170(c)(2)(B), or provide support to any person or entity that engages in violent or terrorist activities. The grant recipient will be required to maintain records, and make such records available to you upon reasonable notice. If a recipient of a grant is found to have violated the terms of the grant agreement, you will take legal action to recover the amount of the grant from the recipient. You may interview grant recipients or require them to report, or make presentations about the progress of their work. Failure to issue a report, or any apparent misuse of funds, will be promptly investigated, and further disbursements, if any, will be held until the completion of any investigation. You will take all reasonable and necessary steps to recover grant funds, and ensure restoration of funds and their dedication to the purposes the grant funds are financing.

As part of the due diligence investigation in compliance with the comprehensive and sustained campaign against terrorist financing under Executive Orders 13224 and 12947, you will check names of potential grant recipients against the OFAC list published by the United States government, as well as utilize the commercial website, at <http://instantofac.com>, as a cross-check to the OFAC list. You intend to fully comply with such Executive Orders to prevent grants to foreign recipients being diverted to support terrorism. Further, you believe that the pre-grant inquiry and reporting requirements detailed will prevent grants to foreign recipients from being diverted to support terrorism or other non-charitable activities, and will adequately provide for recovery by you in the unlikely event that any grant funds appear to be diverted to impermissible purposes.

Upon accepting the grant, the grantee must (a) begin the agreed upon scope of work within 3 months; (b) maintain open and ongoing dialogue with you; (c) fulfill all the terms of the grant agreement; and (d) report quarterly on progress toward agreed upon milestones to achieve a specific objective. There is no geographic limitation on eligible applicants, except that applicants from countries for which United States law prohibits their participation in such programs are not eligible. There is no limitation or restriction in the selection criteria on the basis of religion, national or ethnic origin, or other illegally discriminatory bases. However, all eligible applicants who are natural persons must be at least 18 years of age.

You will maintain records which will include the following:

- a) Information used to evaluate the qualification of potential grantees, including any recommendations;
- b) Identification of the grantees (including any relationship of any grantee to you);
- c) The amount and purpose of each grant; and all requirements imposed on the grantee with respect thereto;

- d) All grantee reports and other follow-up data obtained in administering your grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on “taxable expenditures” made by a private foundation.

Section 4945(d)(3) of the Code provides that the term “taxable expenditure” means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute “taxable expenditures” within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations